THE MAGNET

ENCOMPASS Newsletter

Project Update

Closing Periods

The ENCOMPASS Team, in conjunction with GMIS, will begin closing accounting periods in PeopleSoft at the end of July. The month of July (and all prior periods) will be closed in the Accounts Payable module on August 1st and in the General Ledger on August 31st.

Closing periods will not prevent processing in future periods. For example, any items that are not processed as July transactions could be posted immediately after the closing date as August transactions.

We will follow a similar schedule for the remaining months of calendar year 2007. This will allow us to prepare for the ENCOMPASS implementation when accounting periods will be closed centrally by the Auditor's office.

Once the Auditor's office is live on ENCOMPASS, security to close accounting periods will be very tightly controlled. To maintain the integrity of the State's official book of record, it is imperative that, once accounting periods are closed, they remain closed.

Training

Overview

Training for ENCOMPASS users starts in November 2007. Training will focus on ENCOMPASS business processes with corresponding PeopleSoft system processes.

ENCOMPASS training will assume that users are currently using PeopleSoft to perform their job duties and have a basic understanding of and comfort level with PeopleSoft. Therefore, it is important that ENCOMPASS training attendees have a fundamental understanding of PeopleSoft in order to successfully complete ENCOMPASS training.

What Can You Do _Now_ To Prepare For Training?

If you need refresher training for the different PeopleSoft modules, GMIS has a repository of training materials that includes e-learning tutorials. This repository is known as the User Productivity Kit (UPK). You can access the UPK on the GMIS Documentation website (https://financial.gmis.in.gov/SOI/soi_fs_info.html). If there are UPK materials available, an "e-tutorial" link will be on the right side of the module and function.

Maximizing Your ENCOMPASS Implementation
Overcoming Resistance

Resist: to exert oneself so as to counteract or defeat. (Merriam-Webster)

In Parts I, II, and III of this series, we discussed the Six-State Continuum from Awareness to Ownership.

ENCOMPASS Six-Stage Continuum Tracking Chart

1. AWARENESS	2. GENERAL UNDERSTANDING	3. PERSONAL UNDERSTANDING	4. ACCEPTANCE	5. ADOPTION	6. OWNERSHIP

However, change is never as easy as moving your finger along a line. There are complex challenges that may present themselves; one of the most significant is **resistance**. It is normal for individuals to defend that which is familiar. We like knowing what to expect in our daily work lives, and changes can be disruptive. Our goal for this article is to help you

Project and Reports Workgroups
Update

The Project Workgroup has completed their initial assignment to reach consensus regarding a state wide approach to accounting for grants. The workgroup is presently reviewing and finalizing the document which explains the approach.

The group has been reorganized into subteams to focus on developing reporting requirements. Those subteams and the agencies that belong to them are:

1. State-wide Single Audit Reports - SBOA
2. Cash Drawdown Process Reports - FSSA, IDEM, ISDH
3. Federal Financial Reporting - IDEM, DOH, ICJI
4. Project/Activity Commitment Control Reports - DWD, ICJI, IDEM, DOH
5. Commitment Control Funding Source - FSSA, IDEM, DWD, DOH
6. CMIA Clearance Patterns Report - DWD, DOH

The group's new focus is to define the report requirements for the Project module within ENCOMPASS. Their efforts will be coordinated with the Reports Workgroup and the results will be communicated when the work is complete.

The Reports Workgroup is continuing to review current reporting requirements, as well as discuss the reporting needs of agencies. The Reports Workgroup has been extended to the end of June to ensure that all agency reporting needs have been met.

Balancing and Reconciliation Workshop
Send Us and Email to Sign Up

The ENCOMPASS team has scheduled ten Balancing and Reconciliation workshops. These workshops are designed to walk you through the reconciling activities that Business Units should complete before ENCOMPASS go-live on January 2, 2008. The workshop will also present balancing best practices in order to make a smooth transition to the ENCOMPASS system. Adopting ENCOMPASS financial management processes now will help your agency align current financial management processes with ENCOMPASS processes.

If you are involved in entering and/or tracking financial transactions in PeopleSoft (General Ledger, eProcurement/Purchasing, Asset Management, Accounts Payable); and/or reporting and/or reconciling financial transactions maintained by the Auditor of State, you should attend this workshop.

The workshops are offered throughout June and July. These sessions are one hour long. If you have not yet signed up, send an email to encompass@sba.in.gov. The schedule is posted on the ENCOMPASS website (http://myshare.in.gov/sba/encompass).

Project and Reports Workgroups
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In recent weeks, the Reports Workgroup and its subgroups have reviewed and discussed 200 existing reports, as well as modifications to these existing reports for overall improvement and efficiency. They have continued to identify obsolete reports and have eliminated almost 75 reports from the system. In addition, the workgroup reached the final stages of the review process to fill the gaps between reporting requirements and non-existent reports. New reports will be created to fill those gaps.

Focus on Internal Controls
Part 5 - Monitoring

Monitoring is the review of the organization's activities and transactions to assess the quality of performance over time and to determine whether controls are effective.

Monitoring is a basic management duty included in routine financial and program activities such as ongoing supervision, reconciliations, comparisons, performance evaluations, and status reports. Internal control systems should generally be designed to ensure that ongoing monitoring occurs in the course of normal operations. Proper monitoring ensures that controls continue to be adequate and function properly.

The monitoring performed by a department should focus on the following major areas:

Control Activities
Control Activities are established to prevent or reduce the risk of problems occurring. If these activities fail, the department becomes exposed to risk. Effective monitoring gives management the opportunity to identify and correct any control activity deficiencies or problems and to minimize the impact of unfavorable events.

Town Hall
Event Details

The next Town Hall meeting will be held on Thursday, June 14, 2007. We had an overwhelming response from last month's Town Hall surveys indicating that attendees were pleased with the questions and answers session of the presentation. With this in mind, this month's session has been extended an extra thirty (30) minutes! This will give agencies additional time to ask those important questions. Please note that this Town Hall begins at 10:30am.

The Town Hall will cover topics such as Chart of Account mapping activities, ENCOMPASS balancing and reconciliation activities such as month end closing procedures, and much more!

When: Thursday, June 14, 2007
Time: 10:30 a.m. – 12:00 noon
Where: Conference Center Auditorium
Who's invited: All members of the State Financial Management Community

PeopleSoft User Group
New Website is Launched

This May, the State of Indiana PeopleSoft User Group successfully launched a new website designed to increase communication and coordination across state agencies.

Features of the site include:

• Announcements – News, polices and updates that effect PeopleSoft users
• Message Board - Discuss common issues and share solutions
• Document Repository – Contribute documents and fixes to common problems
• User Group Directory – Find subject matter experts in other state agencies

Visit the website today to fill out a survey to help the group better understand users and module use of PeopleSoft in different agencies. (Only one person per agency needs to complete the survey.)

The PeopleSoft User Group website works to identify and address issues that are impacting staff across agencies that could be improved by information sharing, process changes and/or system change recommendations. The website is located at the following address: (https://myshare.in.gov/fssa/pmo/finance/usergroup/default.aspx). Contact Kerry Nicholas at KNicholas@PortsofIndiana.com to learn more about the PeopleSoft user group or to be added to email list.

Frequently Asked Questions
Visit Our Website for a Complete List

Questions:	Answers:
Will the project module be mandatory for all grant agencies?	The use of the Project Module will be <u>mandatory</u> for all receipts of Federal Funds, whether the agency receives the funds directly from a federal agency or the funds are passed through another governmental entity. The use of the Project Module is also required for all projects that result in the construction of a State owned Capital Asset or Infrastructure. In all other cases, the use of the Project Module is optional.
Will agencies get new procedures to go along with ENCOMPASS implementation?	The Auditor of State's Office and the State Board of Accounts are working to develop a new State-wide Accounting Manual to reflect the new procedures implemented as part of ENCOMPASS.

Focus on Internal Controls
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Mission
Monitoring activities should include the development and review of operational data that would allow management to determine whether the department is achieving its mission. This can be achieved by periodic comparison of operational data to the department's strategic plan.

Control Environment
Executive management should monitor the control environment to ensure that managers at all levels are maintaining established ethical standards of behavior and that staff morale is at an appropriate level. Managers should also ensure that the staff is competent, that adequate training is provided and that management styles and philosophies foster accomplishment of the department's mission.

Communication
Managers should periodically verify that employees are receiving and sharing information appropriately, and that this information is timely, sufficient and appropriate for the users. Management should ensure that there are open lines of communication, which encourages reporting of both positive and negative results.

Risks and Opportunities
Managers should also monitor the department's internal and external environment to identify any changes in risks or the development of opportunities for improvement. If changes are identified, managers should take appropriate action to address these new conditions. Management should recognize that delays in responding to risks could result in damage to the department or a missed opportunity may result in lost revenue or unattained cost savings.

Focus on Internal Controls
Deficiencies found during ongoing monitoring or through separate evaluations or testing should be communicated to those responsible for the function and to at least one higher level of management. Serious matters should be reported to top management.

Monitoring of internal control should include policies and procedures for ensuring that the findings of audits and other reviews are promptly resolved. The resolution process begins when audit or other review results are reported to management, and is completed only after action has been taken that corrects identified deficiencies, produces improvements, or demonstrates the findings and recommendations do not warrant management action.

Maximizing Your ENCOMPASS Implementation
understand why it is important to address resistance, reasons for resistance, and ways to overcome it. You play an important role influencing your colleagues to help them overcome their own resistance. We also hope that this will help you identify resistance behaviors within yourself that you can work to overcome.

Identifying, understanding and dealing with resistance is critical for the success of ENCOMPASS. Resistance to change is a primary reason that projects fail to live up to their full potential.   The concept is summed up in the following excerpt taken from Albert F. Bologneses' article, "Employees Resistance to Organizational Change" (2002):

> *Employee resistance to change…has been identified as a critically important contributor to the failure of many well-intended and well-conceived efforts to initiate change within the organization… The natural propensity for individuals to "defend the status quo" presents a set of challenges that management must overcome in order to bring about desired change. Management must also seriously take into account and consider the myriad of problems that may result if they are not responsive to issues of resistance in the workplace. (http://www.newfoundations.com/OrgTheory/Bolognese721.html)*

Understanding why people resist is a good first step to addressing the issue. We identify four main reasons that any employee, staff *or* manager, might be resistant to change:

1. Ideology: belief that it won't work. Arises from honest intellectual differences in beliefs or philosophy.
2. Office Politics: The threat of losing something of value, such as control, position or standing in the organization.
3. Skill-Level (real or perceived): fear of being unable to learn the new system OR not being sufficiently trained.
4. Blind Opposition: fearful and intolerant of any significant change.

After you have identified the reasons for resistance – your own reasons or another's – consider also how the resistance is being demonstrated. There are positive and negative forms of resistance. Positive resistance tests the change. People who resist positively ask

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open-minded questions, look for alternatives and lobby for other solutions, or question the need for the change. To effectively communicate with a positive resister, listen and seek to understand their perspective, support their level of engagement, and challenge their assumptions or positions. Engage in constructive dialogue and offer facts and rationales to lessen their resistance.

Negative resistance, on the other hand, indicates a closed mind. Negative resisters avoid engaging in the topic, do not attend meetings, pull out of workshops or remove others, question the authority to effect the change, ignore the change, and rally others to their cause. To deal with negative resistance, respectfully confront the individual to make them aware of the impact of their actions, whether or not they will be tolerated, and seek to understand his or her perspective.

Here are some positive and constructive things you can do to overcome resistance:

Overcoming your own resistance:

1. Seek out opportunities for information, education, training;
2. Participate in ENCOMPASS and PeopleSoft activities such as Town Hall meetings, PeopleSoft User Group, workshops;
3. Get to know your ENCOMPASS stakeholder management team representative and use him or her as a sounding board for your questions or ideas;

Overcoming another's resistance:

1. Encourage open communication, debate and idea exchanges at appropriate times;
2. Ensure understanding of the reasons behind the change,
3. Publicize victories, such as successful year end closing and smooth adoption of new processes, to demonstrate progress during the change.

If you are a manager, remember that your own actions and behaviors to support the change provide a positive example to your staff. It is important to recognize staff that make significant effort to move the change forward within your organization.

Resistance is a natural part of any change. Seek to overcome your own and help others overcome theirs.

Need Information? Have Questions?

The ENCOMPASS website no longer requires a login and password. Please visit it at anytime to get announcements and updated information. If a login screen does appear, enter your network ID and password.
ENCOMPASS Website Address: **http://myshare.in.gov/sba/encompass**

Please email us at: **encompass@sba.in.gov**	If you have technical issues submit them to GMIS at **http://extranet.in.gov/gmis/issue_entry/base/issue_entry.asp**